

State of Arkansas  
89th General Assembly  
Regular Session, 2013

# A Bill

HOUSE BILL 1531

By: Representative Lea  
By: Senator D. Sanders

## For An Act To Be Entitled

AN ACT TO ENSURE THE LONG-TERM FUNDING OF CERTAIN  
HEALTH CARE PROGRAMS BY ENCOURAGING IN-STATE  
PURCHASES OF CERTAIN TOBACCO PRODUCTS; AND FOR OTHER  
PURPOSES.

## Subtitle

TO ENSURE THE LONG-TERM FUNDING OF  
CERTAIN HEALTH CARE PROGRAMS BY  
ENCOURAGING IN-STATE PURCHASES OF CERTAIN  
TOBACCO PRODUCTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 26-57-208(2), concerning the levy of a tax on tobacco products, is amended to read as follows:

(2)(A)(i) The excise or privilege tax on tobacco products other than cigarettes on the sale by wholesalers to retailers, or by licensed retailers to the Director of the Department of Finance and Administration within the state is sixteen percent (16%) of the manufacturer's selling price.

(ii) However, the excise or privilege tax levied under subdivision (2)(A)(i) of this section is subject to the limitation stated in subdivision (2)(C) of this section.

(B) The tax shall be computed on the actual manufacturer's invoice price before discounts~~+~~.

(C)(i) The total amount of the excise or privilege taxes



levied under §§ 26-57-208, 26-57-803, 26-57-805, and 26-57-807 on cigars shall not exceed fifty cents (50¢) per cigar.

(ii) If the total amount of the excise or privilege taxes levied under §§ 26-57-208, 26-57-803, 26-57-805, and 26-57-807 on cigars would exceed fifty cents (50¢) per cigar, the excise or privilege tax rates under §§ 26-57-208, 26-57-803, 26-57-805, and 26-57-807 shall be reduced proportionally.

(iii) The director shall adopt rules to implement this subdivision (2)(C);

SECTION 2. Arkansas Code § 26-57-803(b), concerning the levy of an additional tax on other tobacco products, is amended to read as follows:

(b)(1) In addition to the tax imposed by § 26-57-208(2), there is levied an additional excise or privilege tax on the sale of tobacco products other than cigarettes by wholesalers to retailers or by licensed retailers to the Director of the Department of Finance and Administration at seven percent (7%) of the manufacturer's selling price. The tax shall be computed before discounts.

(2) However, the excise or privilege tax levied under subdivision (b)(1) of this section is subject to the limitation stated in § 26-57-208(2)(C).

SECTION 3. Arkansas Code § 26-57-805(a)(1), concerning the levy of an additional tax on other tobacco products, is amended to read as follows:

(a)(1)(A) In addition to the excise or privilege taxes levied under §§ 26-57-208, 26-57-803, and 26-57-1102, there is levied an additional tax on tobacco products other than cigarettes on the first sale to wholesalers or retailers within the state at seven percent (7%) of the manufacturer's selling price.

(B) However, the excise or privilege tax levied under subdivision (a)(1)(A) of this section is subject to the limitation stated in § 26-57-208(2)(C).

SECTION 4. Arkansas Code § 26-57-807(a)(1), concerning the levy of an additional tax on other tobacco products, is amended to read as follows:

(a)(1)(A) In addition to the excise or privilege taxes levied under §§

26-57-208, 26-57-803, 26-57-805, and 26-57-1102, there is levied an additional tax on tobacco products other than cigarettes on the first sale to wholesalers or retailers within the state at thirty-six percent (36%) of the manufacturer's selling price.

(B) However, the excise or privilege tax levied under subdivision (a)(1)(A) of this section is subject to the limitation stated in § 26-57-208(2)(C).

SECTION 5. EFFECTIVE DATE. Sections 1 through 4 of this act are effective on the first day of the second calendar month following the effective date of this act.